

HOUSE BILL No. 1395

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-41.

Synopsis: Youth sports and tourism development areas. Allows the legislative body of a city or town to adopt a resolution establishing a youth sports and tourism development area (tax area). Requires that the tax area include a facility or complex of facilities used by youth sports teams and organizations for practice or competitive sporting events. Requires the legislative body to make findings when adopting a resolution. Requires the legislative body to submit a resolution establishing a tax area to the budget committee and budget agency for review and approval. Allows a tax area to receive incremental state and local income tax revenue and incremental sales tax revenue attributable to the tax area. Requires a city or town that establishes a tax area to establish a youth sports and tourism development area fund. Limits the amount of incremental tax revenue that may be allocated to \$1,000,000 per tax area per state fiscal year. Provides that a tax area terminates not later than 25 years after the date on which the first obligation payable from tax revenues allocated to the tax area is incurred.

Effective: July 1, 2024.

Judy, Snow, GiaQuinta

January 11, 2024, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 123rd General Assembly (2024)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2023 Regular Session of the General Assembly.

HOUSE BILL No. 1395

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 36-7-41 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2024]:

4 **Chapter 41. Youth Sports and Tourism Development Area**

5 **Sec. 1. This chapter applies only to a city or town located in a**
6 **county that does not have a consolidated city.**

7 **Sec. 2. As used in this chapter, "budget agency" means the**
8 **budget agency created by IC 4-12-1-3.**

9 **Sec. 3. As used in this chapter, "budget committee" means the**
10 **budget committee established by IC 4-12-1-3.**

11 **Sec. 4. As used in this chapter, "department" refers to the**
12 **department of state revenue.**

13 **Sec. 5. As used in this chapter, "gross retail base period**
14 **amount" means the aggregate amount of state gross retail and use**
15 **taxes remitted under IC 6-2.5 by the businesses operating in the**
16 **territory comprising a tax area during the full state fiscal year that**
17 **precedes the date on which the legislative body of a city or town**



1 adopts a resolution establishing a tax area under section 14 of this
2 chapter.

3 Sec. 6. As used in this chapter, "gross retail incremental
4 amount" means the remainder of:

5 (1) the aggregate amount of state gross retail and use taxes
6 that are remitted under IC 6-2.5 by businesses operating in a
7 tax area during a state fiscal year; minus

8 (2) the gross retail base period amount;

9 as determined by the department under section 19 of this chapter.

10 Sec. 7. As used in this chapter, "income tax base period
11 amount" means the aggregate amount of state and local income
12 taxes paid by employees employed in the territory comprising a tax
13 area with respect to wages and salary earned for work in the tax
14 area for the state fiscal year that precedes the date on which the
15 legislative body of a city or town adopts a resolution establishing
16 a tax area under section 14 of this chapter.

17 Sec. 8. As used in this chapter, "income tax incremental
18 amount" means the remainder of:

19 (1) the aggregate amount of state and local income taxes paid
20 by employees employed in a tax area with respect to wages
21 earned for work in the tax area for a particular state fiscal
22 year; minus

23 (2) the income tax base period amount;

24 as determined by the department under section 19 of this chapter.

25 Sec. 9. As used in this chapter, "legislative body" means the:

26 (1) common council of a city; or

27 (2) town council of a town.

28 Sec. 10. As used in this chapter, "state and local income taxes"
29 means taxes imposed under any of the following:

30 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax).

31 (2) IC 6-3.6 (local income tax).

32 Sec. 11. As used in this chapter, "tax area" means a geographic
33 area established as a youth sports and tourism development area
34 under section 14 of this chapter.

35 Sec. 12. As used in this chapter, "taxpayer" means a person that
36 is liable for the part of the following taxes attributable to a tax area
37 established under section 14 of this chapter:

38 (1) The state gross retail tax imposed under IC 6-2.5-2-1 or
39 use tax imposed under IC 6-2.5-3-2.

40 (2) State and local income taxes.

41 Sec. 13. A legislative body may establish a youth sports and
42 tourism development area within the boundaries of the city or



1 town that must include a facility or complex of facilities used by
2 youth sports teams and organizations for practice or competitive
3 sporting events. A tax area may include any parcel of land on
4 which the facility or complex of facilities is located. A tax area
5 must include contiguous tracts of land within the city or town,
6 however, a tax area may not consist of a total area that is more
7 than three (3) square miles.

8 **Sec. 14. (a)** A tax area must be initially established by resolution
9 according to the procedures set forth for the establishment of an
10 economic development area under IC 36-7-14. A resolution
11 establishing a tax area must provide for the allocation of income
12 tax incremental amounts and gross retail incremental amounts
13 attributable to a tax area.

14 **(b)** This subsection does not apply to Lake County, Allen
15 County, or Hamilton County. The total number of tax areas in a
16 county at any particular time may not exceed one (1).

17 **(c)** In establishing the tax area, the legislative body must make
18 the following findings instead of the findings required for the
19 establishment of economic development areas:

20 **(1)** There is a capital improvement that will be undertaken or
21 has been undertaken in the tax area for a facility or complex
22 of facilities that will be used or is used by youth sports teams
23 and organizations for practice or competitive sporting events.

24 **(2)** The capital improvement that will be undertaken or has
25 been undertaken in the tax area will benefit the public health
26 and welfare, will be of public utility and benefit, and will
27 improve the quality of life within the community.

28 **(3)** The capital improvement that will be undertaken or has
29 been undertaken in the tax area will protect or increase state
30 and local tax bases and tax revenues.

31 **(4)** The expected return on investment from the tax area that
32 is projected over the term of twenty-five (25) years from the
33 date on which the first obligation is incurred to pay principal
34 and interest on bonds or lease rentals on leases payable from
35 tax revenues allocated to the tax area.

36 **(d)** A legislative body adopting a resolution under this section
37 shall designate the duration of the tax area. However, a tax area
38 must terminate not later than twenty-five (25) years after the date
39 on which the first obligation is incurred to pay principal and
40 interest on bonds or lease rentals on leases payable from tax
41 revenues allocated to the tax area.

42 **(e)** The tax area established under this chapter is a special



1 taxing district authorized by the general assembly to enable the
 2 legislative body to provide special benefits to taxpayers in the tax
 3 area by promoting economic development that is of public utility
 4 and benefit.

5 Sec. 15. Except as otherwise provided in this chapter, after a tax
 6 area is initially established, the tax area may not be changed and
 7 the terms governing the tax area may not be revised.

8 Sec. 16. (a) Upon adoption of a resolution establishing a tax area
 9 under section 14 of this chapter, the legislative body shall submit
 10 the following to the budget committee for review:

- 11 (1) A copy of the resolution.
- 12 (2) A map of the tax area that identifies the parcels.
- 13 (3) A complete list of employers in the area and street names
 14 and the range of street numbers of each street in the area.
- 15 (4) Any other information requested by the budget committee.

16 (b) The budget committee shall meet not later than sixty (60)
 17 days after receipt of the materials described in subsection (a) and
 18 make a recommendation on the resolution to the budget agency.

19 Sec. 17. (a) The budget agency must approve the resolution
 20 establishing a tax area under section 14 of this chapter before the
 21 income tax incremental amount and the gross retail incremental
 22 amount may be allocated to the tax area under this chapter.

23 (b) When considering a resolution, the budget committee and
 24 the budget agency must make the following findings:

- 25 (1) The cost of the capital improvement and the site of the
 26 capital improvement specified under the resolution exceeds
 27 five million dollars (\$5,000,000).
- 28 (2) The capital improvement specified under the resolution is
 29 economically sound and the establishment of the tax area will
 30 benefit the people of Indiana by protecting or increasing state
 31 and local tax bases and tax revenues for at least the duration
 32 of the tax area established under this chapter.
- 33 (3) The city or town has committed significant resources
 34 toward completion of the capital improvement identified in
 35 the resolution and to the establishment of the tax area.

36 Sec. 18. If a tax area is established under section 14 of this
 37 chapter, the city or town shall create a youth sports and tourism
 38 development area fund that consists of all deposits made under
 39 section 20(d) of this chapter. Money in the fund is to be used for the
 40 purposes described in section 22 of this chapter.

41 Sec. 19. (a) Before October 1 of each year, the department shall
 42 calculate the income tax incremental amount and the gross retail



1 incremental amount for the preceding state fiscal year for each tax
2 area established under this chapter.

3 (b) Businesses operating in the tax area shall report annually, in
4 the manner and in the form prescribed by the department,
5 information that the department determines necessary to calculate
6 incremental gross retail, use, and income taxes. A taxpayer
7 operating in the tax area that files a consolidated tax return with
8 the department shall also file annually an informational return
9 with the department for each business location of the taxpayer
10 within the tax area. If a taxpayer fails to report the information
11 required by this section or file an informational return required by
12 this section, the department shall use the best information available
13 in calculating the incremental gross retail, use, and income taxes.

14 Sec. 20. (a) If the legislative body of a city or town adopts a
15 resolution establishing a tax area under section 14 of this chapter,
16 a state fund known as the incremental tax financing fund is
17 established for the tax area. The fund shall be administered by the
18 department. Money in the fund at the end of a state fiscal year does
19 not revert to the state general fund.

20 (b) Subject to subsection (c), the following amounts shall be
21 deposited during each state fiscal year in the incremental tax
22 financing fund established for the tax area under subsection (a):

23 (1) The aggregate amount of state gross retail and use taxes
24 that are remitted under IC 6-2.5 by businesses operating in
25 the district, until the amount of state gross retail and use taxes
26 deposited equals the gross retail incremental amount for the
27 tax area.

28 (2) The aggregate amount of state and local income taxes paid
29 by employees employed in the tax area with respect to wages
30 earned for work in the tax area, until the amount of state and
31 local income taxes deposited equals the income tax
32 incremental amount.

33 (c) The aggregate amount of revenues that is attributable to
34 state gross retail and use taxes and state and local income taxes,
35 and is deposited in each incremental tax financing fund established
36 for a tax area, may not exceed one million dollars (\$1,000,000) per
37 tax area during any state fiscal year.

38 (d) On or before the twentieth day of each month, all amounts
39 held in the incremental tax financing fund established for a tax
40 area shall be distributed to the fiscal officer of the city or town for
41 deposit in the city's or the town's youth sports and tourism
42 development area fund.



1 **Sec. 21. All distributions from the incremental tax financing**
 2 **fund to the city or town shall be made by warrants issued by the**
 3 **state comptroller to the treasurer of state ordering those payments**
 4 **to the fiscal officer of the city or town.**

5 **Sec. 22. The resolution establishing the tax area under section**
 6 **14 of this chapter must designate the use of the income tax**
 7 **incremental amounts and the gross retail incremental amounts**
 8 **attributable to the tax area. The funds may be used by a city or**
 9 **town for the following:**

10 **(1) To acquire, design, improve, prepare, construct, maintain,**
 11 **repair, operate, furnish, and equip capital improvements and**
 12 **facilities located in, physically connected to, or directly**
 13 **servicing the tax area.**

14 **(2) To pay the principal and interest on any obligations,**
 15 **including leases, that are payable solely or in part from money**
 16 **deposited in the youth sports and tourism development area**
 17 **fund and are incurred by the city or town for the purpose of**
 18 **financing or refinancing the development of capital**
 19 **improvements or facilities located in, physically connected to,**
 20 **or directly servicing the tax area.**

21 **(3) To establish, augment, or restore a debt service reserve for**
 22 **obligations.**

23 **(4) To pay capital expenses incurred by the city or town for**
 24 **capital improvements or facilities that are physically**
 25 **connected to or directly servicing the tax area.**

26 **Sec. 23. An action to contest the validity of:**

27 **(1) bonds issued under this chapter;**

28 **(2) a pledge of financial support related to bonds issued under**
 29 **this chapter; or**

30 **(3) a contract or lease entered into under this chapter;**

31 **may not be brought after the fifteenth day following the issuance**
 32 **of the bonds, the entering into the pledge related to bonds, or the**
 33 **entering into the contract or lease.**

34 **Sec. 24. The general assembly covenants that this chapter will**
 35 **not be repealed or amended in a manner that will adversely affect**
 36 **the owners of bonds or other obligations issued under this chapter.**

